

The complaint

Mr J is unhappy with the end of contract charges applied by Volkswagen Financial Services (UK) Limited (VWFS), following the return of his car.

As a note, Mr J has been represented during his complaint. For ease I'll refer to any information being supplied by Mr J's representative as being supplied by Mr J.

What happened

In November 2020, Mr J acquired a brand-new car through entering into a contract hire agreement with VWFS. The agreement was for 48 months, with an advance rental of £2,000.02 to be followed by 47 monthly rental payments of £354.24.

Mr J was unhappy with the vehicle, and arranged to end the agreement early. Mr J explains he was told there would be no charge for doing this if the vehicle was in a satisfactory condition. The car was returned, and the collection agent visually inspected the car for damage. This inspection noted three issues consisting of damage to both front headlamps and a missing compressor lead.

As a result of this inspection, VWFS notified Mr J that a charge of £1,294.85 would be due. Mr J complained about this and explained he believed the damage to be caused by a manufacturing defect, and said he hadn't had any incidents that could've caused the damage to the headlamps.

VWFS partially upheld Mr J's complaint. It said that it would waive the compressor lead costs and reduce the cost of the headlamps, bringing the overall cost Mr J would have to pay to £700.00.

Mr J was still unhappy with this as he strongly believes he hasn't caused the damage. As such, Mr J brought his complaint to this service, where it was passed to one of our investigators. The investigator didn't uphold the complaint. They said that the charges had been applied in line with British vehicle lease and rental association (BVLRA) guidelines, and hadn't seen any evidence showing the damage was likely caused by a manufacturing default. As such, they thought the charges had been applied fairly.

Mr J disagreed with this, and explained that the vehicle had a number of quality issues throughout his agreement and feels this should be taken into account. Mr J also supplied some information in relation to other vehicles having issues with headlamps to support his point around a manufacturing defect.

The investigator took this information into account, but this didn't change their outcome. As such, Mr J disagreed and asked for an Ombudsman to review the complaint. So, the complaint has been passed to me to review and make a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time. Mr J was supplied with a car under a contract hire agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it.

Fair wear and tear guidelines have been issued by the BVLRA, and these are accepted as an industry standard in determining whether any damage goes beyond fair wear and tear on passenger cars where they are returned at the end of a lease contract or finance agreement. I've seen a copy of the contract hire agreement, which Mr J signed on 18 November 2020.

Under heading 9.5, the agreement confirmed *"you agree to return the vehicle to us at the end of the hiring period in good repair and condition except for fair wear and tear (as defined in the British Vehicle Rental and Leasing Association fair wear and tear guide)."*

I've seen the report from the inspection listed as being carried out on 26 September 2024, and I'm persuaded that this does report a missing compressor lead and shows damage to the front headlamps that is outside of the BVLRA's guidelines on acceptable wear and tear for these parts.

I acknowledge Mr J's point that he believes the damage has been caused by a manufacturing defect, but I have no evidence to show that this is the case. Mr J has supplied information stating that other vehicles have had issues with headlamps, but this is not evidence that his vehicle had a manufacturing defect that caused the damage.

As I have no evidence to show there was another reason for the damage, I'm persuaded that the end of contract charges have been applied fairly. I also acknowledge VWFS have waived one of the charges, and reduced the charges for the headlamps.

Mr J has raised that the vehicle has had a number of issues and feels this should be taken into account in relation to the end of contract charges. Whilst I acknowledge Mr J's feeling about this, I can't say that these charges have been applied unfairly. If Mr J is unhappy with the quality of the vehicle he was supplied with, he may be able to complain separately about this to VWFS but I cannot consider it in relation to this decision about the end of contract damage charges.

As I've found that VWFS acted fairly in applying the end of contract charges I won't be asking them to do anything more in relation to this complaint.

My final decision

Having thought about everything above along with what is fair and reasonable in the circumstances, my final decision is that I don't uphold Mr J's complaint against Volkswagen Financial Services (UK) Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 16 September 2025.

Jack Evans
Ombudsman